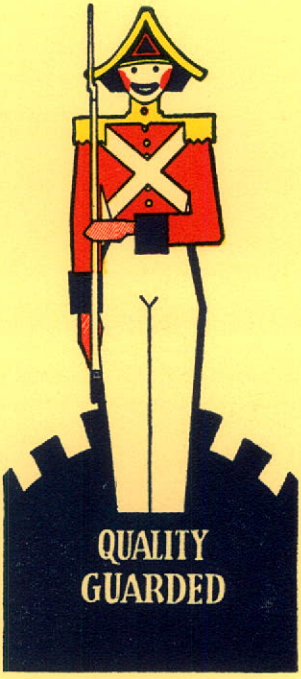
EASTERN DAIRIES LIMITED



PURVIS HALL
LIBRARIES
APR 19 1955
McGILL UNIVERSITY

Annual Report
for the year ending
31st March, 1941

EASTERN DAIRIES LIMITED

Annual Report
for the year ending
31st March, 1941

EASTERN DAIRIES, LIMITED

OFFICERS

President and Managing Director

W. R. AIRD, Montreal

Vice-President

P. A. THOMSON, Montreal

DIRECTORS

W. R. AIRD	Montreal
E. W. KING	Toronto
A. J. NESBITT	Montreal
MAJ.-GEN. C. B. PRICE	Montreal
P. A. THOMSON	Montreal

C. V. THOMPSON, Secretary-Treasurer

Fiscal Agents

NESBITT, THOMSON & COMPANY, LIMITED

Transfer Agents

MONTREAL TRUST COMPANY

Auditors

P. S. ROSS & SONS

EASTERN DAIRIES, LIMITED

To the Shareholders:

YOUR Directors submit herewith their Annual Report covering the operations of your Company and its Subsidiaries for the year ended March 31st, 1941, accompanied by a Consolidated Statement of Assets and Liabilities, Capital Deficit Account and Statement of Deficit from Operations, duly certified by the Company's auditors.

The net results from operations for the year, and for the previous fiscal year ended March 31st, 1940, are as follows:

		1941		1940
Operating Profit.....		$581,855.25		$382,597.87
LESS:				
Bond Interest.....	$147,469.40		$154,091.11	
Premium paid on foreign funds for Bond Interest	15,754.54		15,684.26	
Provision for Federal and Provincial Income Taxes.....	24,018.56	187,242.50	2,757.25	172,532.62
Profit before Depreciation.		394,612.75		210,065.25
Depreciation.....		372,836.47		222,669.05
Net Profit.....		$ 21,776.28	Net Loss..	$ 12,603.80

The profit from operations before providing for Bond Interest, Premium paid on foreign funds for Bond Interest, Provision for Income Taxes and Depreciation reflects an improvement on the year's operations of $199,257.38. It will be noticed that the expense incurred through having to pay interest on your Company's Bonds in United States funds is a substantial item.

Your Directors have continued the policy of maintaining a substantial Reserve for Depreciation and of keeping the plant and equipment of your Company in excellent condition.

The Balance Sheet shows that Current Assets exceeded Current Liabilities by $315,786.39 as compared with an excess of Current Assets over Current Liabilities at March 31st, 1940, of $166,189.59. The Bank Loan of $48,000.00 represents an advance to Crescent Creamery Company, Limited, your Company's subsidiary in the City of Winnipeg.

During the year your Company purchased $88,500.00 of your Company's 6% Twenty Year Collateral Trust Bonds due May 1st, 1949, and delivered these bonds to the Montreal Trust Company, Trustee, for cancellation, in accordance with the terms of the Trust Deed.

Your Company obtained a considerable increase in the volume of milk and cream sold. Sales of ice cream and other frozen confections also increased in volume over those for the previous year, thereby improving the result of the operations of that department.

EASTERN DAIRIES, LIMITED

During the greater part of the year there was a reasonably good demand for milk powder and other by-products. Prices, generally, were comparatively stable and the earnings of your Company from this source were improved over the previous year.

Those responsible for the operations of your Subsidiary Companies are continually occupied in an effort to increase the volume of sales, which increase is vital to the continued progress of the Company, particularly in view of the fact that uncontrollable increases in operating costs are steadily increasing. Your Directors wish to assure you that the management is also continually searching for ways and means of effecting economies consistent with the efficient operation of the business.

The future is of necessity obscure and uncertain, but every effort will be made to improve the position of the Company by the constant endeavour to adapt the policies of your Company to rapidly changing conditions.

Your Directors wish to pay tribute to the officers and staff of your Company for the loyal and efficient service rendered by them during the past year.

Submitted on behalf of the Board,

W. R. AIRD, President.

CONSOLIDATED I
O
EASTERN DAI
Acme Farmers
Crescent Creamery
Elmhurst Da
The Producers

AT 31st M

ASSETS

Current Assets:

Cash on Hand and in Banks	$ 401,963.53	
Accounts Receivable, less Reserve	373,917.21	
Interest Receivable	1,833.71	
Inventories at cost: Products, Raw Materials, Operating, Advertising and Office Supplies as determined by physical inventories and certified by officers of the Companies	230,475.68	
		$1,008,190.13

Other Assets:

Investments in Other Companies—at approximate market value	44,528.00	
Deferred Accounts Receivable, less Reserve	31,436.03	
Balances due under Agreements of Sale and Mortgages	56,200.00	
		132,164.03

Fixed Assets:

Land, Buildings, Plant, Equipment, Furniture and Fixtures at replacement values—new, as determined by Canadian Appraisal Company Limited at various dates between 1st December, 1925 and 9th June, 1928 in respect of the individual Companies; subsequent additions at cost	7,152,384.08	
Deduct: Reserve for Depreciation	2,744,480.82	
		4,407,903.26
Prepaid and Deferred Charges		69,958.05
		$5,618,215.47

Approved on behalf of the Board:

W. R. AIRD, Director.

P. A. THOMSON, Director.

BALANCE SHEET

F

IES, LIMITED

Dairy, Limited

Company, Limited

iry, Limited

Dairy, Limited

RCH, 1941

LIABILITIES

Current Liabilities:		
Bank Loan of a Subsidiary Company Secured under section 88 of Bank Act and pledge of certain securities	$ 48,000.00	
Accounts Payable and Accrued Liabilities	442,454.35	
Taxes, Due and Accrued	59,264.75	
Salesmen's Deposits and Unredeemed Tickets	75,168.89	
Accrued Bond Interest (including provision for premium on U.S. Dollars)	67,515.75	
		$ 692,403.74
Equity of Preferred Shares of Subsidiary Companies in hands of Public:		
5,972 Preferred Shares of Acme Farmers Dairy, Limited	942,083.00	
6,551 Preferred Shares of Crescent Creamery Company, Limited	621,629.63	
		1,563,712.63
6% Twenty year First Collateral Trust Sinking Fund Convertible Bonds Series "A" due 1st May, 1949		2,433,000.00
($46,500 additional bonds owned by a subsidiary Company pledged to Bank as collateral).		
Capital:		
Seven per cent Cumulative Preference Stock (Callable on 30 days' notice at $105 per share) Authorized—50,000 shares each of $100 par value Issued —25,000 shares	2,500,000.00	
(Dividends in arrears 57¾% at 31st March, 1941)		
Common Stock— Authorized—200,000 shares without nominal or par value Issued to Public—99,020 shares	1,579,210.00	
	4,079,210.00	
Deduct:		
Capital Deficit—as per statement attached . $2,705,228.27		
Deficit—as per statement attached 444,882.63	3,150,110.90	
		929,099.10
		$5,618,215.47

Eastern Dairies, Limited, Montreal. Montreal, 3rd June, 1941.

We have made an examination of the Consolidated Balance Sheet of Eastern Dairies, Limited and its subsidiary companies as at 31st March, 1941. In connection therewith, we examined or tested accounting records and other supporting evidence of Eastern Dairies, Limited, Acme Farmers Dairy, Limited, Crescent Creamery Company, Limited and Elmhurst Dairy, Limited and have been furnished with financial statements at 31st March, 1941, of The Producers Dairy, Limited, certified by independent auditors, and obtained all the information and explanations required by us. We also made a general review of the accounting methods of the companies examined by us and of their operating and income accounts for the year ended 31st March, 1941, but we did not make a detailed audit of their transactions.

In our opinion, based upon the examination referred to above, the foregoing Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of affairs of Eastern Dairies, Limited and its subsidiary companies at 31st March, 1941, according to the best of our information and the explanations given to us and as shown by the books of the companies examined by us and the certified statements furnished to us.

P. S. ROSS & SONS,
Chartered Accountants.

CONSOLIDATED STATEMENT OF CAPITAL DEFICIT
OF
EASTERN DAIRIES, LIMITED
Acme Farmers Dairy, Limited
Crescent Creamery Company, Limited
Elmhurst Dairy, Limited
The Producers Dairy, Limited

AT 31st MARCH, 1941

Capital Deficit at 31st March, 1940		$2,641,407.65
ADD:		
Loss on sale of fixed assets of Subsidiary Company, less amount applicable to preferred shares of Crescent Creamery Company, Limited held by Public	$ 33,922.67	
Adjustment to Equity of Preferred shares of Crescent Creamery Company, Limited held by Public	2,609.27	
Provision for Dividends accrued during year ended 31st March, 1941 but not declared, on preferred shares of Acme Farmers Dairy, Limited, held by Public	41,716.82	
Decrease in market value of unsold securities	12,306.16	
		90,554.92
		2,731,962.57
DEDUCT:		
Gain on Bonds redeemed during year ended 31st March, 1941	24,837.50	
Adjustment arising from acquisition of additional shares of a Subsidiary Company	1,896.80	
		26,734.30
Capital Deficit at 31st March, 1941		$2,705,228.27

CONSOLIDATED STATEMENT OF DEFICIT ACCOUNT
OF
EASTERN DAIRIES, LIMITED
Acme Farmers Dairy, Limited
Crescent Creamery Company, Limited
Elmhurst Dairy, Limited
The Producers Dairy, Limited

AT 31st MARCH, 1941

Balance at Debit 31st March, 1940			$ 451,791.19
ADD:			
Income Taxes applicable to prior years		$ 27,661.13	
LESS: Amount applicable to Preferred shares of Crescent Creamery Company, Limited held by Public		12,793.41	14,867.72
			466,658.91
Profit from Operations for the year ended 31st March, 1941		620,416.67	
Income from Investments		2,527.98	
		622,944.65	
DEDUCT:			
Remuneration of Executive Officers	$ 29,409.84		
Directors' Fees	3,680.00		
Legal Fees	$1,581.10	34,670.94	
		588,273.71	
DEDUCT:			
Bond Interest	147,469.40		
Premium on Foreign Funds for Bond Interest	15,754.54		
Provision for Depreciation	372,836.47		
Provision for Income and Excess Profits Taxes	24,018.56		
		560,078.97	
Net Profit for the year ended 31st March, 1941		28,194.74	
DEDUCT:			
Proportion applicable to Preferred shares of Acme Farmers Dairy, Limited and Crescent Creamery Company, Limited held by Public		6,418.46	21,776.28
Deficit 31st March, 1941			$444,882.63

SUBSIDIARY COMPANIES

CRESCENT CREAMERY COMPANY, LIMITED
WINNIPEG, MAN.

Main Plant	542 Sherburn Street
Storage Plant	85 Lombard Street
Distributing Depot	Kenora, Ont.
Branch	Killarney, Man.
"	Portage la Prairie, Man.
"	Swan River, Man.
"	Yorkton, Sask.
Receiving Station	Ste. Anne, Man.
" "	Letellier, Man.
" "	Steinbach, Man.

THE PRODUCERS DAIRY, LIMITED
OTTAWA, ONT.

Main Plant	275 Kent Street
Garage and Stables	28 Arthur Street
Storage Plant	200 Boulevard St. Joseph, Hull, P.Q.
Creamery	Almonte, Ont.
"	Shawville, Que.
Cheese Factory	Township of Ramsay, Ont.

SUBSIDIARY COMPANIES

ACME FARMERS DAIRY, LIMITED
TORONTO, ONT.

Main Plant	Walmer Road and MacPherson Ave.
Ice Cream Plant	254 Berkeley Street
Distributing Depot	2359 Danforth Avenue
" "	Centre Island
Store	420 Spadina Road
Powder and Condensing Plant	Napanee, Ont.
Powder, Condensing and Cheese Plant	Sydenham, Ont.

ELMHURST DAIRY, LIMITED
MONTREAL, QUE.

Main Plant	7460 Upper Lachine Road
Distributing Depot	101 River Street, Verdun
" "	6240 Hutchison Street, Outremont
Creamery	Richmond, Que.

PRINTED
IN CANADA
ON CANADIAN
PAPER